



# Department of Justice

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## **American-Based Ship Operator Sentenced for Environmental Crimes**

WASHINGTON – American-based ship operator, Pacific-Gulf Marine, Inc. (PGM), was sentenced today for deliberate acts of pollution involving a fleet of four ships, in violation of the Act to Prevent Pollution from Ships. U.S. District Judge William M. Nickerson sentenced PGM to pay a \$1 million criminal fine, \$500,000 for community service and serve three years of probation under the terms of a rigorous Environmental Compliance Program (ECP), which is subject to court approval.

According to documents filed in court, including a Joint Factual Statement signed by the company's chief executive officer, PGM admitted that the ships illegally discharged hundreds of thousands of gallons of oil-contaminated bilge waste without the use of an oily water separator, a required pollution prevention device. Instead, the ships used secret bypass pipes, sometimes referred to as a "magic pipe," to circumvent the oily water separator.

After learning of the federal investigation, PGM voluntarily disclosed to investigators the results of an internal investigation comprised of approximately 50 reports of interviews with various current and former employees who had worked aboard the four giant "Car Carrier" vessels used to transport vehicles. Many of the interviews contained confessions, admissions or otherwise revealed incriminating information and evidence of illegal conduct, according to documents filed in court.

Both the Department of Justice and the EPA have voluntary disclosure programs under which a company can seek non-prosecution if it discovers violations and reports them in a timely manner prior to a government investigation. Prosecutors advised the court today that while PGM's cooperation occurred after the initiation of the criminal investigation, it was nevertheless substantial and warranted significant credit. At the sentencing hearing today, Judge Nickerson recognized that PGM had provided significant cooperation in the government's investigation.

"We will continue to prosecute companies who use our oceans as dumping grounds until those shipping companies clean up their acts," said David M. Uhlmann, Chief of the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division. "But this case also demonstrates that companies like PGM can help right their wrongs by cooperating with criminal investigators, and we are hopeful that others will follow PGM's example by identifying misconduct within their organizations and voluntarily disclosing that information to law enforcement officials."

"We will continue to work to protect the Chesapeake Bay and Maryland's other waterways by prosecuting people and companies that pollute them in violation of federal law," said Rod J. Rosenstein, U.S. Attorney for the District of Maryland. "We are fortunate that PGM responded in this case by accepting responsibility for its actions and assisting in our investigation." Under the terms of the plea agreement, half of the \$500,000 community service payment will fund environmental projects to improve, restore or study water quality in the Chesapeake Bay in Maryland, while the other half will fund environmental education for mariners at U.S. maritime schools.

PGM admitted that its shore-side management “failed to provide sufficient management resources and support to the ships, and also failed to exercise sufficient supervision and management controls to prevent or detect criminal violations by its employees.” The motive for the criminal conduct was to save money, according to papers filed in court.

The investigation was conducted by the Chesapeake Regional Office of the Coast Guard Investigative Service and the EPA Criminal Investigation Division. Additional assistance was provided by U.S. Coast Guard Sector Baltimore, U.S. Coast Guard Activities Europe, U.S. Coast Guard Fifth District Legal Office, Coast Guard Office of International and Maritime Law, and Coast Guard Headquarters Office of Investigations and Analysis. The case was prosecuted by the U.S. Department of Justice Environmental Crimes Section and the U.S. Attorney’s Office for the District of Maryland.

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